

Good Morning,

My name is Sue Maskaluk, Corporate Treasurer for Petoskey Plastics, and I am here to testify in support of SB 853.

Petoskey Plastics is an environmentally focused manufacturer and recycler of polyethylene film products, headquartered in downtown Petoskey, Michigan. Our owner, Paul Keiswetter, came out of the Vietnam conflict and he and his father founded Petoskey Plastics in 1970. We are a veteran owned small business located in a SBA designated HubZone. We currently have 3 manufacturing facilities employing 182 in Michigan and 392 associates in total. We serve the retail, distribution, shipping, automotive and other sectors. Our sales have steadily grown over the years and in 2015 totaled \$128 million. Much of this growth has been fueled by recycling and manufacturing blown plastic film – the material from which plastic bags and packaging are made.

We started our operations in Petoskey as a converter of film and we first began recycling in 1978. At that time, we recycled industrial scrap from Dow Chemical's Ziplock plant in Bay City, MI. We have a long history of partnership with the State of Michigan which began with our association with the Michigan DNR regarding the requirements for a biodegradable compost bag for yard waste. We worked closely with a gentleman by the name of Wayne Koser, and together developed a product that worked. There were a number of issues with the compost bag; it eased collection efforts for municipalities but the landfills had to aerate the compost piles for the process to work properly. With the issues of many municipalities not aerating the compost piles and other companies that did not have functional products we exited the market.

*Dept of
Natural Resources -
Dennis
Draake* Waste Mgmt. Div.
In 1989, we applied for a Michigan Quality of Life Bond Grant, which was a 50% matching grant. We were awarded the \$1.2 Million grant to purchase recycling equipment that was capable of processing post-consumer material. Post-Consumer polyethylene scrap is material that has been through a cash register, i.e. someone paid for it and used it, and contaminants were introduced. We had been researching equipment and Europe had equipment that was capable of processing post-consumer polyethylene.

Our focus, with the passage of the returnable bottle bill, was picking up bags from returnable bottles and cans. We were one of 5 producers of the bags, so we knew the potential volume that was available for reprocessing. So in 1992, with the equipment running, we launched our first closed loop system. The bags were made for customers collecting returnable bottles and cans and trademarked as "Can Sacks®." However, instead of landfilling the bags that were contaminated with syrup, yeast, cigarette butts, etc., we collected them, washed the material and reprocessed them into pellets for re-use in their products, pioneering our first "Closed Loop Recycling System."

In 2009, we had our Post-Consumer Recycled material certified by SCS, an independent testing agency, so that our customers would know that it was truly Post-Consumer Recycled polyethylene. We continue to refine the process to increase our production output and infrastructure, recently improving our sorting process with new equipment and to date have invested over \$20.2 million dollars in recycling.

Our closed loop program now diverts post-consumer plastic from landfills and converts it to new products containing up to 70 percent recycled content. In 2015, we recycled over 30 million pounds of plastic and of those 19.5 million pounds were post-consumer recycled materials.

In our continual pursuit of Sustainability and continual improvements, we wanted to know the value on the environment of post-consumer recycled polyethylene vs. virgin polyethylene. So we hired an environmental consultant that specializes in Life Cycle Analysis, to compare the two materials. We found that there are substantial environmental benefits; the process energy used for virgin polyethylene is actually 5 ½ times greater than for our recycled polyethylene. The reduction in process energy is a significant savings in carbon dioxide equivalents, Green House Gas. This is coupled with the reduction/landfill avoidance and reduction in water usage in the process.

We have taken this information a step further and have now developed a "Scorecard" for our customers that purchase products containing "Post-Consumer Recycled Polyethylene" materials. We can show our customers the savings to the environment of a bag that is made with x% of Post- Consumer polyethylene vs. 100% virgin polyethylene.

In March of this year, as a prominent manufacturer of our Can Sack® bags in the returnable bottle industry, we recently donated 70,000 Can Sack® bags to the City of Flint, for collection of PET water bottles. Plastic water bottles are exempted from a deposit, but the city was in trouble as everyone turned to bottled water for all their needs. So as a big recycler of plastic we teamed up with Schupan Recycling and they recycled the bottles and we recycled the plastic bags the bottles were collected in. The Can Sack® bags were made with 70% post-consumer recycled plastic.

I am providing this information to prove that, despite the myths, the fact is that the plastic film from which much of today's packaging is made is highly recyclable. As an environmentally focused company, we understand the concerns with overburdening communities with landfill-bound materials. However, we believe there are better solutions to address this than to single out a material such as plastic and impose a tax or outright ban the use of that material. Our suggested solution is greater emphasis on educating consumers about recycling, and encouraging sustainable approaches throughout the product lifecycle.

As a Michigan company that is contributing to the economy by providing tax base and employment, Petoskey Plastics would certainly be hurt by an outright ban or additional tax imposed by municipalities on plastic film products such as plastic bags. While we are working to build a market for sustainably manufactured products, such measures would have the potential to penalize use of products that are manufactured using post-consumer plastic and therefore undo our efforts.

Defending the right to manufacture plastic products that are 100 percent recyclable is the right thing to do for the economy, for the hundreds of people employed at our company and the hundreds of thousands of people in Michigan that have the right to choose which products they use. We urge approval of SB 853 for action by the full Senate. Thank you.



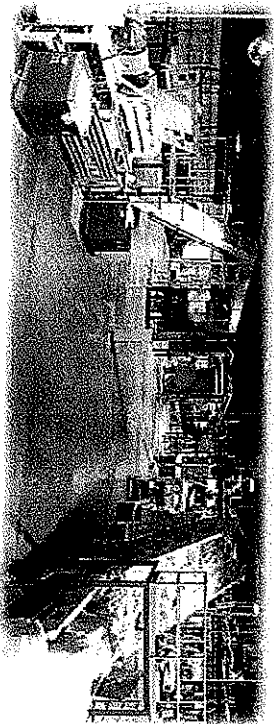
Greencore
Recycling Services

A Division of
Petoskey Plastics

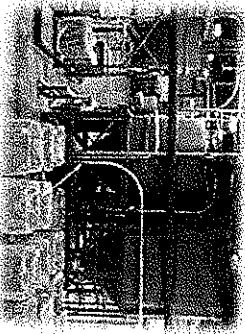
Green



For Over 35 Years.

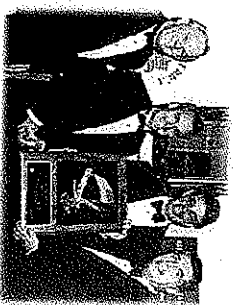


1978
In-House
Recycling
Begins



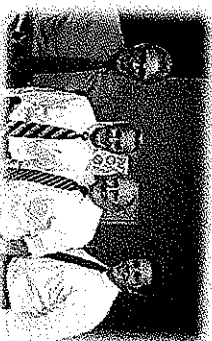
1989
\$1.2 M
Recycling
Grant

1991
Recycling
Facility
Opens



1992
First Closed
Loop
System

2001
Second Line
Added



2008
Hartford
City Plant
Opens

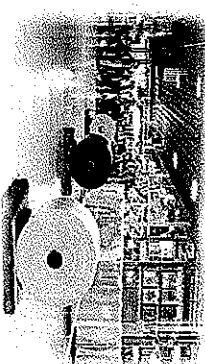
2009
GreenPE™
SCS Cert.



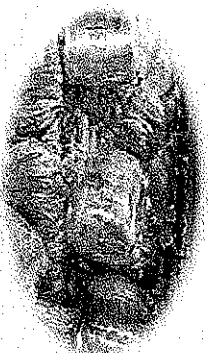
Chain of Custody
Verification

2011
Doubled
Recycling
Capacity

2013
5 New
Extrusion
Lines

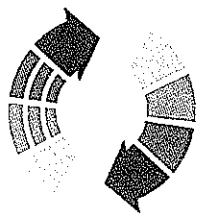


2016
5-Layer
Extrusion
Line



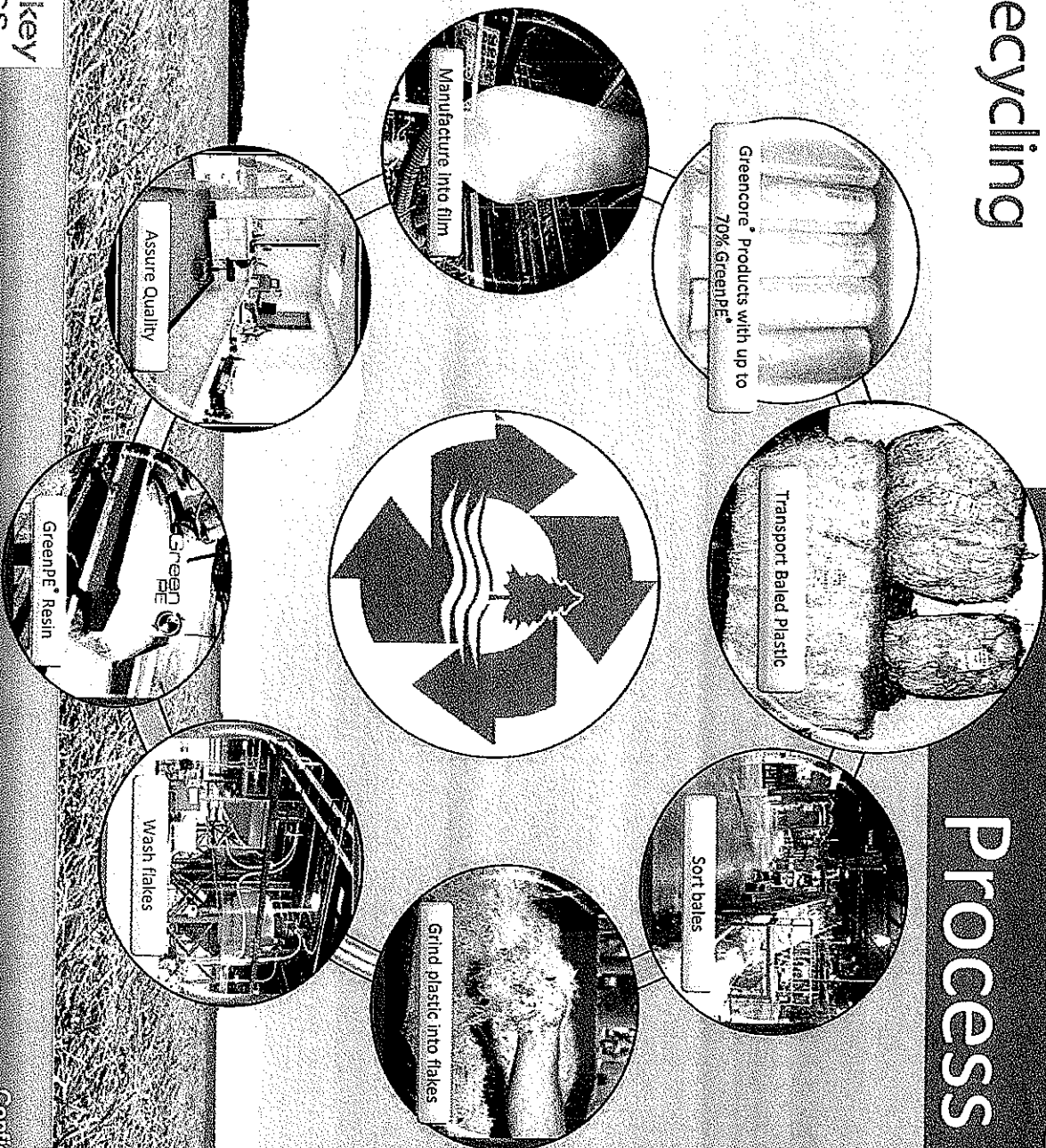
**Petoskey
Plastics**

Confidential - 2016



Greencore® Recycling

Recycling Process

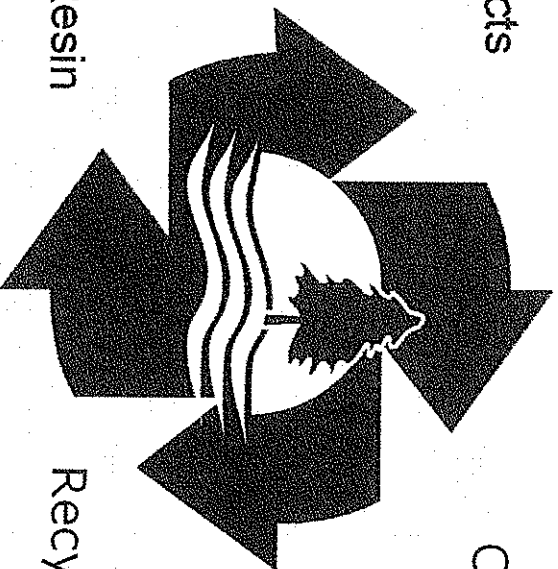




Greencore®
Recycling

**How WE Help YOU
Be Sustainable**

Greencore® Products



Closed-Loop Programs

GreenPE® Resin

Recycling Management
& Collection



**Petoskey
Plastics**

Confidential - 2016